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Accountability for Climate Change Finance in Asia

Transparency International Conference
On Governance of Climate Change Finance
in South Asia

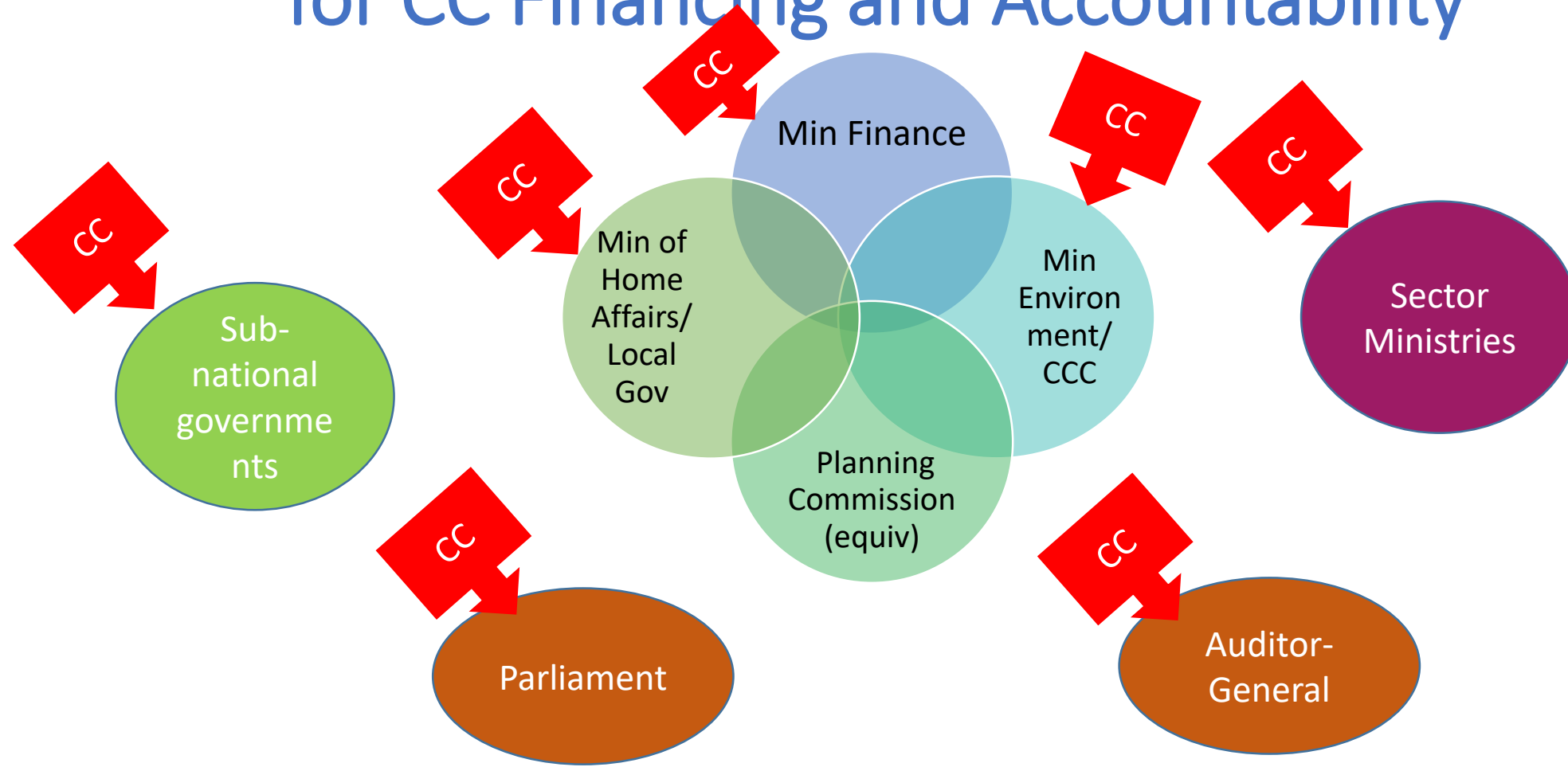
Dhaka 19th September 2017

Historically...Focus on Accountability Landscape for International Climate Change Finance

OECD-DAC Database:

- ✓ Climate change flows based on Rio-Markers
- ✓ Self-assessment by donors
- Biennial Assessment Report of UNFCCC Standing Finance Committee.
- Joint Report of Multilateral Development Banks on Climate Finance.
- Stand alone reports by CC funds.

Need to shift from an exclusively international focus towards a Whole-of-Government Approach for CC Financing and Accountability



Climate Change Finance Accountability is Everyone's Business in the Government...

- Central Government Actors for Mutual Accountability:
 - ✓ Central Agencies (Planning, Finance), Coordinating Institutions (Climate Change Commissions, Ministries of Environment) vis a vis Line Ministries, Donors, MDBs and Dedicated Climate Funds.
 - ✓ Ministry for Local Government vis a vis Provincial, District and Municipality Governments.

State Actors:

Non-Executive Accountability Actors:

- ✓ Parliament vis a vis the Executive and international partners.
- ✓ Auditor Generals vis a vis the Executive and international partners.

Public Climate Change Finance Accountability Requirements

Accountability Requirements:

- The government to make publicly available information on the mobilization, allocation, use, and performance of climate change finance;
- State and non-state accountability actors to have the capacity, agency, and opportunity to use the information to hold executive actors accountable; and
- The actions of accountability actors to have implications for executive actors and improve policy making.

Accountability Landscape for CC Financing-Driven by Government

- Climate Change Responsive Budgeting
 - Tagging of climate change programs or climate change relevant programs in national budgets and Public Financial Management Information Systems

Where?

in Indonesia, Nepal, Pakistan, Philippines,

On-going in Bangladesh and India. Also interest in Bhutan, China and Vietnam

- Publication of Separate Climate Change Budget Reports by MOFs

Where? Bangladesh and Cambodia.

Information Mainstreamed into Budget Reports

In Philippines and On-going in Indonesia

Accountability for Climate Change Finance- Challenges and Debates

Definition of Climate Change Finance for Identification and Demarcation:

- International Definition (Rio-Markers, MDB definition)
- National Definition. Stronger Country Ownership but Inter-Country Comparative Issues

Weighting for Relevance-

- Different Criteria and Methodologies: By Objective or by Benefits

Typology and Classification:

- International (UNDP-WB) vs. National Typology for Classification,
- National Climate Change Planning Related Typology or Ad-Hoc?

Accountability for Climate Change Finance- Challenges and Debates

Data Reliability and Accuracy

- Integrated or Separate AIMS platforms for ODA or No Consolidation of ODA data at all.

=Issue of coverage scope and comprehensiveness.

- Extra-budgetary funds coverage.

In countries with high % of Extra-Budgetary spending, omission of extra budgetary could lead to biased results.

- FMIS Data on Budget Allocation only-Not on Actual Spending

-Problem in countries where Budget Credibility is Low. High allocations but weak implementation.

- Political:

- Additionality as per UNFCCC or relevance?

Enabling Environment for Accountability

- Joint Leadership between Finance, Planning, Environment/CC Commissions,
- Involvement of Sector Ministries in tagging efforts,
- Well articulated national climate change objectives and priorities that are well linked to sectoral policies and spending,
- Overall PFM Reform Context to make it more Result/Performance Oriented,
- Capacity Building for Central and Line Ministries officials to give them the conceptual and analytical knowledge, practical skills, and experience to produce the CC budget work,
- Use concepts and formats already known to officials are more likely to be accepted, will reduce the burden, and will be better quality.

Limitations of Climate Budget Tagging- in terms of Accountability ...

- Self assessment, subjectivity, and exaggeration: Green washing!
- A focus only on the amount, without considering the activities funded, is likely to overstate the impact of allocations,
- Any single number estimate is likely to hide as much as it reveals, although it may seem to give an easily understandable story,
- Although identifying links with climate change in as many places as possible may help in raising awareness and in showing the full extent of government/donor efforts, it is less useful for identifying allocations likely to have real impact,
- Excludes negative expenditures.

Understanding Non-State Actors Role in Accountability for CC Finance

Joint International Budget Partnership-UNDP Partnership

- Landscape Study in Bangladesh, India, Nepal and Philippines.
- Work through Missions and Local Partners.
- CCF Accountability Initiatives by national accountability actors
 - ✓ Baseline
 - ✓ Challenges
 - ✓ Opportunities

Key Findings

- Lack of a clear definition of CC financing is a stumbling block for accountability, particularly for adaptation finance accountability.
- Climate change tagging is possibly more useful for internal government purposes than for public accountability.
- Climate change finance information, particularly on adaption, is required at the local level but is commonly not available in many SA countries.
- Civil society engagement in climate change finance accountability requires skills and knowledge on both climate change and public finance and budgeting.
- CSO climate change finance accountability work is beset by the same constraints as work by the CSO sector in general: limited capacity, poor sustainability, poor access to reliable financing, suspicion by government, and lack of incentives for coordination among CSOs.

Key Findings

- CSOs often rely on indirect pathways of influence. The direct influence opportunities that exist are limited and not always in the budget process.
- Media and journalists are key players in the climate change finance accountability landscape given the common utilization of indirect pathways of influence.
- International CSOs and donors can play an important role in the climate change finance accountability system through their support for domestic actors.
- Legislatures are a weak point in the formal climate change finance accountability system, though some play a stronger role than others.
- The SAIs have the capacity and authority to play a strong climate change finance accountability role, but to date have rarely done so.

Key Recommendations

- National lead agencies on climate change should broaden processes that decide how climate change financing is to be defined, classified, and calculated to include accountability actors.
- If a tagging or coding system is used, external accountability actors should have access to Agencies reasons for tagging individual expenditures.
- Bottom-up accountability might require different and more information than what is provided in the aggregate, standardized virtual climate change “budgets” resulting from tagging.
- National and subnational governments need to provide accountability actors with the right information at the right time.
- International actors should support engagements between climate change and budget organizations.
- International actors should emphasize that climate change accountability and development accountability coincide, and that the former can be incorporated into the work of existing organizations with existing skills.

Key Recommendations

- Broaden governments' and oversight institutions' understanding of the benefits of engagement through organizing workshops to present evidence on the benefits of greater public engagement in public finance processes, share experiences, and discuss how to improve participation.
- Include legislatures when supporting interventions in developing countries related to climate change financing to help them understand the climate change tagging systems used in national budgets, link climate change action plans to budget allocations, or build formal and informal relationships between CSOs and parliamentary committees.
- Engage a wide range of actors, including government, CSOs, legislatures, and media to understand, develop review/audit protocols, and use findings to improve implementation of the tagging system.
- More generally encourage engagement between CSOs and the SAIs.

What UNDP has started to do in the region

Example of Nepal

- Work with Think tanks, academia and CSOs to put more Focus on the Impact of Climate Change Related Programs and bring that evidence to governments for better policy making:
 - Impact of Climate Change Finance in Agriculture on the Poor and Vulnerable.
 - Public Expenditure Tracking Survey of Cooperative farming, Small Irrigation and transportation of seeds and fertilizers programme.
 - Citizen Climate Budget Code.
 - Climate Budget Review Toolkit for Parliamentarians.